

Investment Philosophy



Investment Principles

Extend the Time Horizon



The financial services industry perpetuates a short-term investment focus.

Quarterly and annual peer rankings misalign incentives.

Analysts emphasize short-term inputs including earnings surprises, technical factors and media speculation.

The majority of portfolio managers measure themselves on a relative-return basis, perpetually chasing an index.

Superior long-term wealth is created by investing in companies whose present market valuations ignore their long-term potential.

Events that may occur 3-5 years in the future offer limited utility to short-sighted portfolio managers.

Horizon portfolio returns are driven by the long-term returns on capital of companies' underlying business operations rather than timing the purchases and sales of investments.

Investing is a Social Science



A thorough understanding of social sciences (e.g., History, Economics, Philosophy, Sociology, etc.) provides valuable context and perspective for investment decisions.

The industry's abundant use of emotive words and focus on short-term results can lead to behavioral biases and sub-optimal decision making.

Written research is essential to Horizon's investment process. We believe in the cognitive value of the writing process.

Qualitative & Quantitative



Successful investing requires the integration of the qualitative aspects of social sciences with the logical reasoning and mathematical abstractions of physical sciences.

The near limitless amount of quantitative data available in financial markets has limited value without proper historical perspective and social context.